

BILL SUMMARY – H.R. 4939, EMERGENCY SPENDING

Senate bill is \$14.2 billion higher than the president's request

The Senate-version of the emergency spending bill for Iraq and Katrina spends a total of \$106.5 billion, which is \$14.2 billion higher than the president's request and \$14.5 billion higher than the bill passed by the House.

The Senate bill is divided into seven separate titles:

Title I, Global War on Terror:	\$72.4 billion (\$50 million below the president's request)
Title II, Hurricane Relief:	\$27.1 billion (\$7.4 billion above the president's request)
Title III, Agricultural Assistance:	\$3.9 billion (not requested by the president)
Title IV, Drought Assistance:	\$12.5 million (not requested by the president)
Title V, Port Security:	\$648.1 million (not requested by the president)
Title VI, Pandemic Flu:	\$2.3 billion (not requested by the president)
Title VII, General Provisions:	\$36.1 million (not requested by the president)

It is interesting to note that the War on Terror title is the only title that is underfunded relative to the president's request. Within that same title are numerous items that were not requested by the president or the Department of Defense, including \$230 million for procurement of V-22 aircraft, and hundreds of millions of dollars for procurement of Abrams tanks. Also included in the emergency bill is \$3 billion for continued modernization of the Army, a goal sought by the Department of Defense for over five years.

The hurricane relief portion of the bill contains the most egregious non-emergency spending items. From \$700 million for the relocation of a fully operation railroad to \$15 million for seafood promotion, the hurricane title is littered with earmarks and questionable spending items.

Other egregious items include \$500 for business disruption expenses for Northrop Grumman, an earmark for a new driver's license facility in Georgia, \$20 million for a study of the profitability of shrimp fisheries, and \$594 million for previous disasters that go back all the way to 1999.

President Bush has threatened to veto the bill if it exceeded his request of \$92.2 billion, excluding the \$2.3 billion for pandemic flu preparation. The statement of Administration policy also singled out several of the non-emergency provisions, including the provision for Northrop Grumman, the Mississippi railroad, and the funding for prior disasters unrelated to Katrina.

Amendment as divided:

1. Railroad relocation in Mississippi (talking points removed)
2. Seafood promotion strategies
3. Driver's license facility in Macon, GA
4. Business disruption expenses for private shipbuilders (Northrop Grumman)
5. FHA emergency relief backlog table
6. Three-year study of shrimp and reef fishery profitability
7. AmeriCorps/National Civilian Community Corps
8. Procurement of V-22 Osprey
9. American River (Common Features) project in CA
10. Electronic logbooks for fishing vessels
11. Armed Forces Retirement Home
12. Vessel monitoring systems
13. New England toxic red tide
14. South Sacramento Streams project in CA
15. Temporary marine services centers
16. Replacement of private fisheries infrastructure
17. Employ fishers and vessel owners
18. Replace damaged fishing gear
19. Sacramento Riverbank Protection project in CA

Total savings in our amendment package will total **\$2,680,850,000.**

Amendment 2 – Removes \$15,000,000 that would be made available to the National Marine Fisheries Service to implement seafood promotion strategies.

Background

This request asks the American taxpayer to pay for seafood industry advertising. Therefore, it doesn't address an emergency or provide disaster relief – it merely seeks to increase the bottom line for private business interests, which makes it nothing more than corporate welfare.

The National Ocean and Atmospheric Administration said they have no plans for how to spend this money.¹

Proponents say it would help create a unique market identity (niche) for the product, which is necessary to re-establish the Gulf shrimp fishery as a profitable sector in the seafood industry.²

According to Dave Burrage, extension professor of marine resources at Mississippi State University's Coastal Research and Extension Center:

"In 2004, the industry was operating on a 3 percent (profit) margin...For seven or eight years, the industry has been steadily declining."³

There are industries all over the US that are struggling, but that doesn't mean the American taxpayer should cover their advertising budgets.

Interestingly, according to the most recent data from NOAA, seafood consumption in the US has never been higher.⁴

¹ Lauren Batte, NOAA congressional Liaison

² Lsuagcenter.com, Help is on the way - THE NOAA FISHERIES RECOVERY PLAN, March 10, 2006

³ Clarion Ledger, *Fisherman Struggle in Storm's Net*, April, 21 2006

⁴ NOAA

U.S. Annual Per Capita Consumption Seafood and Shellfish in pounds:

<u>Year</u>	<u>Total pound of seafood consumed per capita</u>
2000	15.2
2001	14.8
2002	15.6
2003	16.3
2004	16.6

The problem facing the Gulf Coast shrimp industry is not a lack of interest in sea food buy consumers but rather a high fuel prices and foreign competition.

Diesel fuel prices has jumped from \$1.90 to \$2.60 a gallon and foreign competition driving down the price of shrimp.

Gulf Coast captains like Merlin Price, 43, who has operated boats here since he was a teenager working with his father said it's cheaper to stay ashore then gas up and head for the gulf 20 miles downriver. Smaller boats hold 12,000 gallons of diesel fuel, and 100-footers hold 40,000 gallons. A 70-cent jump in fuel prices, he said, more than wipes out any chance for shrimpers to make a profit.

"It's gummed up the whole business," he said. "We don't have anybody to sell to. All of the people that we sell to are east of us and they're underwater, collapsed, or destroyed by the hurricane. I've got a lot of money buried underwater in New Orleans right now."

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$15 million could purchase:

- **A year's worth of gas for over 11,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 1,300 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 81 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 13,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 1,400 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Boston Globe

September 6, 2005

http://www.boston.com/news/weather/articles/2005/09/06/shrimp_fleets_slender_profit_margin_is_pulverized_by_storm/

FESTIVAL IS FORGOTTEN

Shrimp fleet's slender profit margin is pulverized by storm

By Thomas Farragher, Globe Staff

MORGAN CITY, La. -- It was to have been a festive holiday of boiling shrimp, cold draft beer, and a fishing fleet festooned with colorful bunting, but here in a city that calls itself the jumbo shrimp capital of the world, there was instead dread and desperation along the muddy waterfront.

One week after Hurricane Katrina's most ferocious winds slammed ashore 80 miles to the east in New Orleans, businesses here lay in ruin and fishermen began to contemplate scratching out a living far from the murky waters of the Atchafalaya River.

"I don't know how we can make it," said Wilson Acosta, who for more than a half century has been hauling nets swollen with shrimp from the Gulf of Mexico. "The hurricane messed up everything. I think it's going to be like the Depression around here. It tears me up."

As some marine economists compare Katrina's damage to the local shrimping business to Indian Ocean fisheries wiped out by last year's tsunami, the evidence of that wreckage lay strewn from here to Biloxi, Miss., and beyond. Boats, some more than 100 feet long, were tossed ashore or sunken, leaving behind oil slicks. Dozens of shrimpers are missing.

And those left behind say life on the water will never be the same.

"There ought to be a lot of boats for sale soon," said Merlin Price, 43, who has operated boats here since he was a teenager working with his father. "It's getting to the point where it's not economically feasible."

With the monster storm pushing diesel fuel prices from \$1.90 to \$2.60 a gallon and foreign competition driving down the price of shrimp, captains like Price said it's cheaper to stay ashore than gas up and head for the gulf 20 miles downriver.

Yesterday, dozens of boats were tied up at the dock as forlorn owners spent time painting, patching, and repairing instead of shrimping.

And the only local captain who has ventured into the gulf since Katrina said he returned with almost nothing.

"I went out four days after the hurricane and came back with just 60 pounds of shrimp," said Hong Nguyen, 49, who owns the 100-foot Jimmy & Johnny Jr., out of Biloxi.

"Where did all the shrimp go? I just don't know."

Nguyen's other vessel, a \$700,000 trawler, was driven far ashore by the hurricane's winds and is most likely a total loss.

"Usually, the boats sell shrimp right here on the dock," said Joe Owens, who supervises the municipal wharf for Morgan City. "As you can see, there's no activity here right now."

It's shut down. The only thing that's moving are people trying to get food, water, and clothing to the hurricane victims."

Yesterday, Morgan City was to have hosted its annual Louisiana Shrimp and Petroleum Festival, where a bishop blesses the fleet, bands play in the park, and beer and shrimp are plentiful. Last year, Price won four first-place prizes in various shrimp cookoff categories.

But there was no appetite for Cajun dances, carnival rides, and the image of the festival's king and queen clinking champagne glasses from the bows of two boats.

Fedora Estay, 66, instead had money worries on her mind. With her husband, Estay bought the Capt. Wilson 10 years ago for \$190,000 and is still making \$710 monthly payments on it.

"The bank will come take my boat after so many months and we're going to be tied up for months," she said. "If there's no shrimp, baby, there's no income. That's our livelihood. We did real good before the storm, but the hurricane has really messed us up."

In a business where the margin for profits is slender, the shrimpers' arithmetic is daunting.

Linh Danny Nguyen, 42, who owns Captain L. D. Seafood on the dock here, buys 1.5 million pounds of shrimp a year off the boats and sells to retailers, making 15 cents on each pound.

Smaller boats hold 12,000 gallons of diesel fuel, and 100-footers hold 40,000 gallons. A 70-cent jump in fuel prices, he said, more than wipes out any chance for shrimpers to make a profit.

"It's gummed up the whole business," he said. "We don't have anybody to sell to. All of the people that we sell to are east of us and they're underwater, collapsed, or destroyed by the hurricane. I've got a lot of money buried underwater in New Orleans right now."

Nguyen, who came to the United States from Vietnam in 1975, is the father of two daughters, a 7-year-old and a 20-month-old baby.

He said he has endured tragedy before -- but not like this.

"It was an economic storm," he said. "To tell you the truth, man, I'm thinking about getting out of the business. I've got a quarter-million-dollar boat over there and I can't use it."

Sitting on the stern of a fishing boat he built himself, he said the future is uncertain and dark.

"Today is supposed to be a fun day," he said. "To me, this is a numbing day. Nothing's moving. The future is that we'll have to change jobs. I'll probably go into real estate or construction. I'm a jack of all trades. I built my own house. I can be a welder. I can work in a shipyard. Katrina was just a monster. She put everybody out of business along the coast.

"We used to be the shrimp capital of the world. Not anymore."

Thomas Farragher can be reached at farragher@globe.com. ■

Amendment 3 – Nullifies language that changes a 2003 earmark for the Coca-Cola building in Macon, Georgia, to an earmark for the construction of a driver's license facility

[Note: This amendment only strikes the modification – it doesn't save money because the earmark is from 2003.]

BACKGROUND

In the 2004 Consolidated Appropriations Act the City of Macon, Georgia received a \$100,000 earmark for the renovation of the historic Coca-Cola building.

However, In June 2005, the City of Macon sold the Coca-Cola building. ^[1]

This emergency supplemental proposes that the purpose of the earmark be altered and instead be used for the construction or development of a driver's license facility.

Mayor Jack “Ellis said \$100,000 that Congress earmarked three years ago for renovation of the Coa-Cola building can be transferred to the driver's license project since the city sold the Coke building this week,” according to the Atlanta Journal-Constitution. [1]

As of 2005 the City of Macon had access to \$5.8 million in federal transportation grants **and** the Department of Transportation approved the driver's license bureau as a transportation-related use. [1]

Mayor Ellis told the Atlanta Journal-Constitution this “additional money [\$100,000 earmarked funds] would ‘take care of all the stuff

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1. <http://www.dot.state.ga.us/dot/grpa/documents/2005-06%20Rail%20News%20Clips%20June%202005.pdf>
 2. <http://macon.areaconnect.com/statistics.htm>
 3. <http://www.dds.ga.gov/locations/dllocations.aspx?csc=61>
 4. <http://www.dds.ga.gov/locations/dllocations.aspx?csc=53>
 5. <http://www.dds.ga.gov/drivers/DLdata.aspx?con=1746395936&ty=dl>
 6. <http://www.cityofmacon.net/CityDept/mayor/outandabout/article13.htm>
 7. <http://www.cityrating.com/citytemperature.asp?City=Macon>

that's not allowed by the federal grant' such as cabinets and counters." [1]

Mayor Ellis "announced he signed a contract last week for the driver's license bureau to move into space at Terminal Station in downtown Macon." Kathy Bowden the executive director of the Macon-Bibb County industrial authority, said "to find a tenant to utilize that grant money [5.8 million in federal grants] is the perfect scenario, and I'm quite happy" [1]

"The goal is to turn Macon's station into one much like Union Station in Washington D.C., where persons passing through the facility will be able to access a range of services including upscale retail and fine dining." [6]

"Terminal Station is the crown jewel in our efforts to turn our downtown around and into the potential economic engine that it is," expressed the Mayor. [6]

"The purchase of the eighty-six-year-old facility was made possible through grants from the Federal Transit Administration and the Georgia Department of Transportation." [6]

This \$100,000 earmark according to Mayor Ellis will 'take care of all the stuff that's not allowed by the federal grant' such as cabinets and counters." [1] However, if the new location, Terminal Station, is replete with "a range of services including upscale retail and fine dining." The cost of "stuff that's not allowed by the federal grant" can be made up from revenue gained, possibly within the first year.

The current population of Macon, Georgia is 97,255. [2] Yet, less than 75,000 are of driving age.

A second customer service center providing the same services, Warner Robins customer service center, is located only 17 miles from the Macon customer service center. [3]

Mrs. Westgate, an employee at the Macon Customer service center, says they have been at their current location since the 1970's.

Proponents of the project say that the current Macon customer service center has no waiting area, and that customers must wait in a

line outside of the building, where the average annual temperature is 64.4 degrees. [7]

The Macon Service center provides the following services: First issuances, renewals, out of state transfers, regular and motorcycle road test, full reinstatements, driving history reports, insurance reinstatements, and regular, motorcycle, and knowledge exams. [4]

Individual Fees: Cost of Instructional Permit \$10, Cost of License \$10, Cost of replacement license \$5, Georgia ID card valid for 5 years - \$20, 10 years - \$35.

Commercial Fees: Initial Commercial license \$70, Commercial Permit \$10, Commercial Renewal \$20.

TYPE	VALID	FEE
Class A, B, C and M (Organ Donor Program)	5 yr	\$20
	10 yr	\$35
Instructional Permit (Class A, B, C and M)		\$10
Provisional License (Class D)	5 yr	\$10
Georgia Identification Card	5 yr	\$20
	10 yr	\$35
Georgia Identification Card for Voting Purposes Only	10 yr	No Fee if Qualified
Replacement License*		\$5
Honorary Veterans and National Guard	Until Age 65	No Fee
CDL Initial Issuance requiring Road Test		\$70
CDL Instructional Permit		\$10
CDL Renewal (Plus \$5 for each additional endorsement)		\$20
Controlled Substance Permit		\$25
Habitual Violator Probationary License		\$210
Limited Permit		\$25
Veteran / Honorary License	10 yr	No fee
Veteran / Honorary Identification Card	10 yr	No fee

[5]

Proposed new location:





Map of where we think the current location is in proximity to proposed location:



State: Terminal Station better choice for new driver's license site

By Linda S. Morris

A state spokeswoman said Wednesday that Terminal Station appears to be the most viable spot for the relocation of Macon's driver's license bureau.

Three days ago, there was confusion at an industrial authority meeting about possible sites to relocate the bureau from Central City Park.

The Macon-Bibb County Industrial Authority discussed Monday the possibility of a building on Guy Paine Road in Allied Industrial Park as the new home for the bureau. But Mayor Jack Ellis, also an authority member, announced he signed a contract last week for the driver's license bureau to move into space at Terminal Station in downtown Macon.

The state has not yet signed the contract, said Susan Sports, public information officer with the state Department of Motor Vehicle Safety.

Authority members agreed they needed to determine what the state had in mind for its Macon facility, since state officials had met with both the city and county on possible sites.

Sports said Wednesday that state officials had looked at both locations and had been "in long-term discussions" with city and county leaders about a new site.

Both locations were acceptable, but only the Terminal Station space would be rent-free for the state, Sports said.

"With Guy Paine, it would have included some rent money, which we don't have in the budget," she said. "So, that won't work."

Kathy Bowden, the authority's executive director, said Wednesday the motor vehicle department knew all along it would have to lease the Guy Paine building.

Bowden said the only way a deal with the state to use the Guy Paine building would work is if the state paid for rehabilitating the building through lease payments.

Bowden said the authority decided at an April meeting to look into the Guy Paine property for the driver's bureau. Ellis was absent from that meeting, she said.

She said the architect's work that has already been done on the building, which will cost about \$3,500, could still be used by another tenant.

"It won't go to waste at all," Bowden said.

Ellis, who has long championed Terminal Station as a transportation hub, said the former train depot is a good location for the driver's license bureau.

"It fits all the criteria (the state) required," he said. "It has adequate parking, it has adequate space, it's transportation-related and it's very accessible to the interstate."

Sports said Terminal Station "would provide adequate space in all avenues."

Ellis said the site also would provide a business opportunity for downtown, as people who come to the bureau may stay downtown and have lunch or do other business.

"Why would we want to take them out to an industrial area for a driver's license bureau?" Ellis said. "We want to keep them downtown."

Even though Ellis has signed the contract, Macon's City Council still must approve it. Tuesday, the council received a copy of the contract, which was referred to the public properties committee for consideration before it is sent to the full council for a vote, said City Council President Anita Ponder.

"On first blush, it looks OK," she said Wednesday. She said she has not yet reviewed details of the contract.

The most important part of the Terminal Station plan is relieving the crowded conditions at the driver's license bureau, she said.

"This is an opportunity for us to do that," she said.

The Central City Park location became even more crowded after late 2003 when the state closed its license renewal office on Eisenhower Parkway.

Since 2002 when the city bought Terminal Station, Ellis has said it would be turned into a transportation hub. But the project has been at a standstill for more than a year because the city cannot tap any of the \$5.8 million in federal grants to renovate the building.

The grant money, which is funneled through the Georgia Department of Transportation, cannot be spent until the Federal Transit Administration, the Federal Highway Administration and the DOT sign off on a development plan, which must happen by Sept. 30 or the city will lose nearly \$2.8 million of the grants.

Ellis said DOT has approved the driver's license bureau as a transportation-related use.

Not only would Federal Transit funds be used for infrastructure improvements, but Ellis said \$100,000 that Congress earmarked three years ago for renovation of the Coca-Cola building can be transferred to the driver's license project since the city sold the Coke building this week.

This additional money would "take care of all the stuff that's not allowed by the federal grant" such as cabinets and counters, Ellis said.

Bowden said she supports the Terminal Station plan.

"I really don't have a problem with it going to Terminal Station," Bowden said. "To find a tenant to utilize that grant money is the perfect scenario, and I'm quite happy."

Amendment 4 – Negates language that would allow up to \$500,000,000 to be paid to private shipbuilders (i.e. Northrop Grumman) for “businesses disruptions” resulting from Hurricane Katrina.

BACKGROUND

Senator Cochran has added language to the FY06 Emergency Supplemental bill to require the Navy to pay for up to \$500 million that shipbuilder Northrop Grumman Corp. could lose as a result of contracting delays caused by Katrina. This money would ostensibly go to refurbish the Ingalls Shipyard in Pascagoula, Mississippi and a nearby one in Gulfport. **The President has not requested this money.**

- Northrop Grumman's total revenues for 2005 totaled \$30.7 billion. And FM Global, Northrop's insurer, had total revenues in 2004 that totaled \$2.7 billion. This earmark amounts to corporate welfare for both multi-billion dollar corporations.
- According to an article in *Congress Daily*, the Pentagon's Office of Naval Acquisitions itself is opposed to this move because they fear that the money Northrup Grumman would be required to reimburse the Navy after the fact might never materialize.
- According to a memorandum written by the Defense Contract Management Agency, “this organization has recommended that Contracting Offices not approve payments for costs associated with or related to the hurricane disaster(s) if such costs are potentially recoverable through insurance by the contractor.” The memorandum goes on to say, “this office (The Defense Contract Management Agency) believes it would be inappropriate to allow Northrop Grumman to bill for costs potentially recoverable by insurance because payment by the Government may otherwise relieve the carrier from their policy obligation.”
- According to the **White House Statement of Administration Policy**: The Administration urges the Senate to eliminate section 2303, which instructs the Navy to adjust shipbuilding

contracts for business disruptions that contractors incurred as a result of the hurricanes in 2005, for several reasons. First, it would require the Navy to cover shipbuilding costs that are routinely borne by private insurance, creating an incentive for insurance companies to deny payments. Expanding the scope of the Navy's liability would also limit flexibility in future contract negotiations because shipbuilders could claim business disruption for years to come. Second, Federal Acquisition Requirements expressly disallow insurable losses and already adequately evaluate the costs at issue in the shipbuilding contracts. Third, the legislation would require the Navy to cover business disruption costs of any affected shipyard – including those completely unrelated to DOD.

- Northrop Grumman has already gone a long ways toward repairing the shipyards with most of the workforce returning already and business back to a busy level.
- An article taken from the November 17, 2005 issue of *The New York Times* makes an excellent point when it states, “Unlike many small businesses and families that may never fully recover from the storm (Katrina), Northrop – through a combination of insurance and, most important, support from the Pentagon – is likely to end up paying little, if anything at all, from its own coffers to repair the damage.”
- Northrop is 4th among U.S. Aerospace/Defense Companies, 67th on the Fortune 500 and experienced a 30% jump in revenues since 2004.
- Given the fact that Northrop Grumman is currently in litigation with their insurer, there is a high likelihood that they will recoup losses from contracting delays incurred by Hurricane Katrina. Northrop Grumman itself has stated that it could receive upwards of **\$1 billion** from their insurer.
- If this language passes as part of the FY06 Emergency Supplemental bill, it will have the effect of encouraging companies to not take getting insurance commensurate with their disaster risk seriously. Why should they if the taxpayer will be called upon to pay for their losses instead?

- Other critics have charged that the Navy and Northrop Grumman are using Katrina as an excuse to secure additional funds, outside of the Pentagon, for notoriously costly shipbuilding.
- Northrop is already the recipient of billions in generous federal government contracts including some contracts that could be considered largesse, such as its contract to build DDX destroyers. The Congressional Budget Office has stated that “the Navy could save as much as \$29 billion between 2006 and 2015 if it opts to build new frigates instead of procuring the DDX next generation destroyer and the Littoral Combat Ship (LCS).” The DDX program is very popular with certain members of Congress but much less popular with the Navy. Many military experts believe the DDX, a Cold War carryover, is designed to fight major sea battles that may never come. It’s worth asking, how many destroyers does Al Qaeda have?
- The House Report on the emergency supplemental couldn’t be more clear in its opposition to such a provision:

The Committee believes strongly that funds in this Act and under this heading in prior Acts should not be used to substitute for private insurance benefits. The Committee is aware that some shipyards have business interruption insurance coverage that could potentially overlap with the Navy’s budget for increased delay and disruption costs. On March 1, 2006, the Committee received the Navy’s certification that there is no overlap between shipyard insurance claims and the Navy’s funding plan, and that costs covered by private insurers were not included in supplemental request estimates. Once again in this bill, the Committee directs the Navy not to obligate funds under this heading until the Secretary of the Navy certifies that no such funds will be used for activities or costs that are subject to reimbursement by any third party, including a private insurer.

Comparisons

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- **One month of unemployment benefits for 427,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 46,000 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

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HEADLINE: Northrop Grumman Seeks \$2 Billion to Fix **Shipyards** Hit by Hurricane

BYLINE: By LESLIE WAYNE

DATELINE: PASCAGOULA, Miss.

BODY:

The destruction is everywhere at the Northrop Grumman **shipyards** here. Buildings look forlorn, with walls missing and soggy insulation dangling from rafters. Even the destroyer Kidd has a hole in its side.

But as the cleanup begins, Northrop will have a much easier time than most other Hurricane Katrina victims, at least financially. Unlike many small businesses and families that may never fully recover from the storm, Northrop -- through a combination of insurance and, most important, support from the Pentagon -- is likely to end up having to pay little, if anything at all, from its own coffers to repair the damage.

The Navy is asking for \$2 billion in Federal Emergency Management Agency funds, saying in a memo that it wants to restore Northrop's three Gulf Coast yards, where most of the Navy's surface ships are built, to their pre-Katrina "capacity and profit opportunities."

Most of this \$2 billion would be used to rewrite Northrop's usual contracts with the Navy to shift the full burden of hurricane-related cost overruns and shipbuilding delays from Northrop to the government.

On top of that, Northrop said it expected to get \$1 billion from its insurers to repair damaged buildings, despite a nasty battle with one company that has ended up in court.

Shipyard delays, the Navy argues, only increase the cost of the ships, which already carry billion-dollar price tags. And because Northrop is the region's largest employer, with about 18,000 workers, the sooner it returns to full speed, the stronger the local economy will be, both the Navy and Northrop say.

But several Pentagon budget watchers questioned the government's priorities, pointing out that the amount of FEMA money that would go to Northrop would be nearly equal to the amount the administration is seeking to repair housing.

"A lot of people need a lot of money now that Katrina has devastated so many communities," said Danielle Brian, executive director of the Project on Government Oversight, a group that analyzes government spending. "Should it be the taxpayers' first priority to make a contractor at the **shipyard** whole? Money to Northrop means that it is not going to someone else who might need it."

Further, the critics question whether the Navy and Northrop are using Katrina as an excuse to gain additional funds, outside the Pentagon budget, for shipbuilding programs that are notorious for cost overruns.

And \$2 billion, these critics say, is suspiciously high for shipbuilding delays expected to take months, not years, and for a work force that is mostly busy again.

"These numbers sound astoundingly high," said Winslow T. Wheeler, a former Republican staff member who analyzed the Pentagon budget for the Senate Budget Committee and is now at the Center for Defense Information, a nonprofit group often critical of military spending priorities.

"What the Navy is asking for desperately needs to be audited," he added. "Maybe some other cost overruns are getting laundered here."

The Navy says it is closely monitoring the expenses. And Philip A. Teel, president of Northrop Grumman Ship Systems, which has its headquarters here, vigorously defended the proposed federal aid, arguing that Northrop should not shoulder the extraordinary costs of the hurricane without government help.

"The hurricane comes and it has significant impacts, outside of our control, in terms of our ability to complete contracts and our ability to earn a modicum of profit," he said. "Our belief is that the cost of Katrina on the ships should be a cost the Navy pays for."

Under "fixed price incentive" contracts between the Navy and Northrop, cost overruns on many of the 11 destroyers and amphibious ships under construction in Northrop yards would normally be split 50-50. Under the Navy proposal, FEMA would pick up Northrop's half.

"It's our opinion that if we act now, we can mitigate future costs that would be caused by a slippage in the schedule," said Capt. Thomas Van Leunen, a Navy spokesman.

"The numbers being put together are from the Navy and not Northrop Grumman," he added. "We want to make sure there is a clear-cut separation between Katrina effects and damage and possible cost overruns at the **shipyard** unrelated to Katrina. The money will only be used for legitimate costs to the government to assist in restoring the **shipyards** and re-employing the work force."

The \$2 billion is contained in President Bush's Oct. 28 request to Congress that \$17.1 billion of FEMA funds be reallocated to other agencies for Katrina relief.

The Northrop portion is part of a \$6.6 billion request for the Pentagon; the rest will pay for National Guard reservists pressed into duty after Katrina and for repairs to military bases in the area. By comparison, the president asked for \$2.2 billion for housing recovery and \$2.4 billion for rebuilding roads and repairing airport damage.

If the \$2 billion request for Northrop is approved, the Navy has said it will later ask for an additional \$800 million. Without FEMA money, either Northrop would have to cover more of the cost or the Navy would have to dip into its own budget.

Northrop has gone a long way toward restoring the shipyard in Pascagoula, commonly called the Ingalls yard, as well as a nearby yard in Gulfport that makes composite pieces for the Navy's next-generation destroyer. The company has a third yard, Avondale, in New Orleans, that was protected by strong levees and suffered little damage.

The 800-acre Ingalls yard dates to the 1930's, and has long benefited from the political protection of Senator Trent Lott, a Mississippi Republican whose father once worked there; Mr. Lott's waterfront house -- now flattened by Katrina -- was just outside the yard.

Nearly the entire work force is back, some restoring the yard and others building ships. But scars of the storm remain everywhere. Old warehouses on the Ingalls East Bank operation are standing skeletons. Lathes, drills, presses and other equipment are stacked in piles, awaiting removal.

At the bigger West Bank side, work has resumed, but at a slower pace than normal. An underground electrical grid is being retooled. Generators continue to work as power is restored. A pipe fabrication shop that was under four feet of water at one time now has a work force of 50 rather than the normal 220.

Most damage was done not to the ships, but to costly material on the ground. The ships themselves were held in place during the storm with superstrong ropes that secured them to massive posts in the docks known as hurricane bollards.

Right after the storm, Northrop's biggest concern was getting its employees back on their feet. It provided gasoline when there was none at the pump. It helped find housing and wired money when cash machines failed. A dockside berthing ship provides bunk beds for workers, and Northrop is providing 140 trailers for employees, their families and local residents.

Tales of hurricane heroics also abound, like the 72-year-old guard at the Gulfport yard who stayed at his post, along with his 92-year-old mother, and who finally had to float his mother on a sheet of composite board to a second-story refuge.

Almost immediately after the storm hit, Northrop began talking to the two entities that could help it: its insurers, for the damage to Northrop-owned property at the yards, and the government, for everything else.

On the insurance front, Northrop has had mixed success. Of \$1 billion in estimated physical damage to Northrop property, insurers quickly agreed to pay \$500 million in claims. The company carried policies for wind and flood damage to physical property, as well as business-interruption insurance to protect its earnings.

But one insurance company, FM Global, based in Johnston, R.I., is balking because it contends its policy covers only wind, not flood, damage. That action is holding up payment on the remaining \$500 million. Northrop sued FM Global on Nov. 4, calling the insurer's actions despicable and accusing it of fraud.

In a statement, FM Global said it was "surprised and disappointed by the suit, but we're confident in our position because we believe our policy language is clear."

While Northrop predicts that it will prevail with its insurers, it has had an easier time with the Navy.

In a conference call on Oct. 10 with Wall Street analysts, Northrop said it had been negotiating with the Pentagon for "contractual relief" over delays that stood to cost the company 40 cents a share in full-year results.

The chief financial officer, Wesley G. Bush, told the analysts that the company had met with the Pentagon and that the "leadership in the Department of Defense has been understanding" of "the need to mitigate the effect of extraordinary hurricane costs."

But critics have questioned some of the Navy's assumptions in its request.

For instance, the Navy estimates that it will take six months for the yard to return to pre-Katrina output -- three months of downtime followed by a three-month ramp-up period. Yet the **shipyards** restarted some production within weeks.

"We shouldn't be holding Northrop entirely harmless and have the government make good for anything it did not have insurance for," said Steve Ellis, a military analyst at Taxpayers for Common Sense, a group that opposes what it considers wasteful federal spending.

"There is risk in any contractual endeavor, and this is ensuring that Northrop never loses," he added. "Since the government is opening up the wallet after Katrina, they thought, 'Let's go after it.'"

Congress has not yet acted on the White House request, but Northrop cannot fathom a defeat.

"That would be a bad outcome," said Mr. Teel of Northrop. "I can't self-fund an impact this size. The Navy would have to find money from other programs, or the programs would not get done. My belief is that Congress does understand the scope and magnitude of this and will act."

Amendment 5 – FHA emergency relief backlog table: Removes \$594,000,000 for the Federal Highway Administration's Emergency Relief Program backlog.

BACKGROUND

USDOT through the Federal Highway Administration has a program that allows for repair of Federal-Aid Highways that have been damaged in various natural disasters.

In last year's SAFETEA-LU authorization, the Emergency Relief program was authorized at \$100 million per year which is consistent with the TEA-21 authorization.

The Supplemental Request Bill for the Emergency Relief Program (Chapter 9, p. 194 of HR 4939) allows \$594 million of the Emergency Relief Backlog to be funded. The total Backlog is \$716,550,389 excluding backlog funds for Hurricanes Katrina, Rita and Wilma.

The Backlog occurs each year when FHA has emergency relief requests in excess of \$100m.

The oldest project on the Backlog list is from 1999-- Hurricane Floyd in New York for an amount of \$244,548.

There are two types of repairs eligible to be funded through the Emergency Relief Program: Emergency Repairs and Permanent Repairs. An Emergency Repair must be completed within 180 days of the emergency event and is for the purpose of getting traffic flow back to acceptable conditions. Permanent repairs would be any repairs beyond 180 days to fix more permanent structural damage.

From the Backlog list, there are requests of \$116,814,950 that are all pre-2005.

The program is a reimbursement program where the locality would make the repairs then bill the state DOT for reimbursement and then the state DOT would bill FHA for reimbursement.

The Administration SAP opposes the full \$594 million provided for Emergency Relief. The House did not include the \$594m in its version of the Supplemental.

TALKING POINTS

The purpose of this Supplemental bill is to fund matters related to the War on Terror and Hurricane Reconstruction.

By its own explanation in the bill, the \$594 million is designated to fund a "Total Backlog" comprised of state requests for relief contained on a table provided by the FHA.

This backlog is created when the Federal Highway Administration has more requests for relief than they have authorized funds to provide.

Of the items on the "Backlog" list, only 9 requests could still be considered "Emergency" under the FHA definition which is 180 days after a disaster—so practically the whole list is not even an emergency under FHA's own standards.

The Emergency Relief Program is a reimbursement program so the states and localities already have or are doing the work and will bill the federal government at a later date. So don't be confused.....not keeping this Program in the Supplemental does not mean that work will not be done.

For all but 9 of these events the emergency work to get traffic in the disaster area up and running has already been done. The emergency is already over and the states are just waiting to be paid.

Why should we use an off-budget wartime supplemental bill to fund a program that has a regular authorization process?

If Congress wants to clear the backlog, then let's adjust the authorization and appropriate the money through the normal order with regular deliberations so it will be fully paid for.

This is not an emergency that needs to be in this Supplemental bill and that's why the Administration's SAP stated the funding for the Emergency Relief Program shouldn't be included.

By definition a backlog of reimbursements for work that is or has been completed cannot be considered an "emergency" and should not be considered for purposes of this Supplemental bill.

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$596 million could purchase:

- **A year's worth of gas for over 440,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 52,000 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 3,200 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 500,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 55,000 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 6 - Removes \$20,000,000 for the National Marine Fisheries Service to study catch, by-catch, and shrimp and reef fishery profitability in the Gulf.

*** (By-catch is the fish that is caught and disregarded for various reasons) ***

BACKGROUND

The Louisiana Seafood and Marketing Board said they consider this to be low priority/unnecessary spending. (This was communicated to the staff over the phone.)

The National Marine Fisheries Service (NMFS) will spend \$282 million on Fisheries Research and Management. That is more than 40% of the NMFS \$667 million budget.

- If there is a need for a by-catch or profitability study it should come out of what Congress has already appropriated to the NMFS.

Susan Buchanan, a spokeswoman for the National Oceanic and Atmospheric Administration, was quoted in the Washington Post in December saying that the NOAA "remains committed to further reducing by-catch through innovative technologies and management approaches...NOAA's investment in by-catch reduction programs have cut commercial fishing by-catch considerably in the last decade."

- NOAA Fisheries data shows that by-catch has dropped 50 percent in the Gulf shrimp fishery and substantially in virtually all other U.S. fisheries, benefiting the ecosystem and protecting our valuable marine resources."⁵

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

⁵ Washington Post, Study: U.S. Fisheries Discard 22% of Catch, December 1, 2005

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND not permanent, temporary in nature.

Comparisons

\$20 million could purchase:

- **A year's worth of gas for over 15,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 1,700 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 108 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 17,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 1,800 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 7 - Removes \$20,000,000 to be made available for the AmeriCorps National Civilian Community Corps.

BACKGROUND

The Administration did not request and the house did not provide funding for this program in this bill.

AmeriCorps National Civilian Community Corps (NCCC) was created in 1993 and was set forth with the purpose of strengthening communities and developing leaders through team-based national and community service.

- AmeriCorps NCCC says that there are no less than 500 AmeriCorps NCCC volunteers in the gulf region who are providing disaster relief.⁶ This \$20 million earmark is to be used to **continue** AmeriCorps NCCC efforts in the gulf region, not to increase their efforts.
- AmeriCorps NCCC was designed to have the flexibility to respond to disasters by providing disaster relief. However, OMB found that in FY 2004 only 7 percent of a members' service was dedicated to disaster relief. The other 93% of members' service was spent on non-disaster relief activities such as tutoring and mentoring youth, building homes for low-income families and building trails in national parks.
- The Office of Management and Budget has rated AmeriCorps NCCC as an ineffective program noting that this program has never conducted a comprehensive evaluation, it's very costly when compared to other service programs, and that their performance goals are not measurable.

2005 PART Assessment

Program Purpose & Design	40%
Strategic Planning	11%
Program Management	75%

⁶ Fox News, [Americorps on Budget Chopping Blocks](#), March 20, 2006

Program Results/Accountability 11%

Purpose & Design - 40% – The average federal cost per AmeriCorps NCCC volunteer is \$27,859. Each volunteer gets paid a \$4,000 stipend over their 10 months of service. That means that NCCC spends almost \$24,000 per volunteer in overhead costs.

2000 US Census data shows that the median household income was \$31,330 for Mississippi and \$32,566 for Louisiana.

Strategic Planning – 11% - The program has no long-term outcome measures that gauge progress toward achieving the program's purpose of "strengthening communities" and "increasing civic responsibility."

Program Management – 75% - OMB found that this program has not demonstrated efficiencies in cost effectiveness or in controlling costs per participant, and poorly managed capital assets.

Program Results/Accountability – 11% - showed limited effort to accomplish long term goals and has not demonstrated a desire to control the high cost of the program.

AmeriCorps National Civilian Community Corps Funding (in millions)

FY2005	\$25
FY2006	\$27
FY2007 (In President's Budget Request)	\$5

An OMB spokesman said "The president's budget rallies the armies of compassion by supporting key national service programs such as AmeriCorps and Senior Corps, while moving away from costly and ineffective programs like AmeriCorps NCCC" ⁷

⁷ Fox News, [Americorps on Budget Chopping Blocks](#), March 20, 2006

A spokesman for House Appropriations Committee Chairman Rep. Jerry Lewis said that "This Congress has never been a fan of AmeriCorps," and is "very costly and poorly administered." ⁸

Private organizations have offered disaster relief much more efficiently than AmeriCorps NCCC

- American Red Cross recently announced that current financial donations and pledges have totaled \$2.116 billion. This has allowed them to use there more than 225,000 Red Cross disaster relief workers (95 percent are volunteers) to provide 3.4 million overnight stays in nearly 1,200 Red Cross shelters, More than 34 million meals and 30 million snacks, Emergency financial assistance to more than 1.4 million families—more than 4 million people
- Former Presidents Bush and Clinton have led a private fundraising effort that has already received pledges of more than \$100 million to aid the Gulf Coast's recovery.

Comparisons

\$20 million could purchase:

- **A year's worth of gas for over 15,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 1,700 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 108 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 17,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.

⁸ Fox News, [Americorps on Budget Chopping Blocks](#), March 20, 2006

- **The annual health insurance premium charged to an employer for 1,800 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 8 – Removes \$230,000,000 for the procurement of three V-22 Osprey aircraft for the Marines.

BACKGROUND

This \$230 million earmark is part of the \$412,169,000 for Navy procurement included with the FY06 Emergency Supplemental bill. This is \$140,889,000 more than the President's request. The Ospreys were not requested by the President either.

- There have not been any combat losses of these aircraft since they haven't even been used in theater yet.
- The V-22 won't be complete with operational testing until summer 2007. Therefore, the Navy cannot make the case that there is an "emergency" need for these aircraft because they are untested and unused in combat to date.
- In 2005, the Pentagon formally approved full-rate production of the V-22. Planned production quantities include 360 for the Marine Corps, 48 for the Navy and 50 for the Air Force.
- The Pentagon has ordered 90 V-22's to date.
- According to the Associated Press, the Osprey, manufactured by Bell Helicopter, has been in development since the 1980s and has cost the government \$18 billion so far.
- It has suffered numerous problems over the years, including two crashes in 2000 that killed 23 people.
- Even such a strong advocate of national defense as Vice President Cheney, when he served as Secretary of Defense in the George H.W. Bush Administration, was personally adamantly opposed to the development of the V-22 Osprey.
- According to an article in the Fort Worth Star-Telegram, the final test report of the V-22 notes that little realistic testing was done at night or in severe dust environments, and expressed continued concern about the aircraft's ability to conduct aggressive defensive maneuvers.

- According to another article in the Fort Worth Star-Telegram, test pilots were not allowed to attempt extreme maneuvers that would prove the V-22's ability to perform in combat because program officials feared these maneuvers might damage the aircraft. Therefore, it remains unclear whether the V-22 can perform sudden evasive tactics, fast descents, and emergency landings.
- The Osprey funding has been requested by Senators Kay Bailey Hutchison and Arlen Specter because the Osprey is manufactured in Texas and Pennsylvania respectively.
- New aircraft procurement should only be done through a multi-year procurement, not through emergency supplementals.

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Amendment 9 – Removes \$3,300,000 for the Army Corps of Engineers' American River (Common Features) project in California.

BACKGROUND

The American River (Common Features) project includes levee improvements along the lower American River and Sacramento River in the Natomas Basin in order to provide an increased level of flood protection.

According to Rep. Doris Matsui's website,

“In 1996, Congress authorized the “Common Features” project to stabilize 26 miles of levees along the Lower American River, raise and strengthen 12 miles of the east levee of the Sacramento River, and create an early warning system to protect recreational visitors along the American River. The scope of the project was broadened in the 1999 Water Resources Development Act to include levee raising along portions of the north and south banks of the American River and along the north and south banks of the Natomas Cross Canal. In 2003, Congress also increased the authorized cost of this project in recognition of the levee defects found as a result of the 1997 flood.”

Construction work on the American River levees has been underway since 1998, with work prioritized to achieve the greatest flood risk reduction for the greatest number of residents. Work has resulted in 100-year flood protection certification for most of the American River levee system in 2005.”⁹

However, a GAO report¹⁰ released in November 2003 criticized the Corps for underestimating the cost of this project in 1996.

“Estimated costs for the Common Features Project rose from \$57 million in 1996 to between \$270 million and \$370 million in 2002... For the American River, costs more than tripled from \$44 million to \$158 million in 2002... Cost estimates for the Natomas Basin... increased from \$13 million in 1996 to

⁹ <http://matsui.house.gov/floodprotectionprojects.asp>

¹⁰ [GAO report number GAO-04-30](#)

between \$112 million and \$212 million in 2002...The Corps did not fully analyze, or report to Congress in a timely manner, the potential for significant cost increases for the American River levee improvements authorized in 1996. Specifically, a severe storm in the Sacramento area in January 1997 indicated some cut-off walls would need to be much deeper and therefore would be more costly. Corps guidance generally directs the Corps to seek new spending authority from Congress if it determines, before issuing the first contract, that it cannot complete the project without exceeding its spending limit. However, the Corps began construction in 1998 without analyzing or reporting potential cost increases. By 2003, it had committed most of the funding authorized for the entire Common Features Project to the 1996 American River work, leaving the additional 1999 work and the Natomas Basin improvements without funding."

According to the Sacramento Bee, this funding, as part of several appropriations, was added at the request of Sen. Dianne Feinstein via amendment and approved by UC as part of a larger package of amendments. Local representatives, Rep. Doris Matsui, D-Sacramento and Rep. John Doolittle, R-Roseville have also been supportive of this increase in funding. The Sacramento funding would go to the U.S. Army Corps of Engineers to speed work that already is under way but not completely funded for the remainder of fiscal 2006, which ends Sept. 30. "This enables the corps to do all the work that it's possible to do before the end of September," Feinstein said... "This is California's No. 1 infrastructure priority."

From the same article:

"Last month the House Appropriations Committee decided not to accelerate the work but rather to consider the additional funding as it writes spending bills for fiscal 2007. At the time, Rep. [Doolittle], who had offered an amendment seeking \$41 million for the Sacramento region, said that it was not clear whether the House eventually would relent on additional Sacramento levee funding. **But he said the committee was concerned that if it agreed to add emergency money for**

Sacramento, it would open the door to other members asking to add emergency money for their states.”¹¹

According to the Corps, the American River Watershed has already cost the federal government \$100.938 million, and an additional \$17.4 million has already been requested for next year. This past year \$4.405 million was appropriated towards the “Common Features” project in 2006 through the Energy and Water Appropriations bill. The Corps also states that \$59.962 million more is needed to complete the project.¹²

- The \$3.3 million requested is only 5 ½ percent of the “necessary” amount.

The \$3.3 million is only to improve the levees around the pocket area of the City of Sacramento.¹³ This is in addition to the \$17.55 million also requested by the committee for the Sacramento River Bank Protection Project and the South Sacramento Streams Project. This brings the total to \$20.85 million for improving the levees around the pocket area of the City of Sacramento and is part of the \$22.35 million appropriations package (which includes a \$1.5 million appropriation for a Delta Islands Study under Corps Investigations).

This funding, when added to the \$41 million Congress approved last fall for 2006 Sacramento-area levee work, signifies a total of \$63 million worth of work through the summer. The Bush administration has asked Congress for \$65 million for Sacramento-area flood control work in 2007 in non-emergency appropriations.¹⁴

This project is also funded at the state and local level, shouldering 25 percent of the financial responsibility (with the federal government picking up the rest of the tab). The Sacramento Area Flood Control Agency (SAFCA) pays 7.5 percent of the total cost and the State of California pays 17.5 percent.¹⁵

According to the local sponsor of levee development in San Francisco (SAFCA), record floods have occurred 4 times in the last

¹¹ [Sacramento Bee 04/05/2006](#)

¹² http://www.spd.usace.army.mil/projectfacts/ca/civ/AmericanRiverWatershedCommonFeatures/factsheet/60_9208.htm

¹³ COE Congressional Liaison, Jennifer Greer 04/24/2006

¹⁴ [Sacramento Bee 04/05/2006](#)

¹⁵ COE, Brandon C. Muncy, Chief, Civil Works Branch, Programs, Project Management Division, Sacramento District, 4/25/06

50 years (in 1956, 1964, 1986, and 1997). In each case, the Folsom Dam saved Sacramento from flooding, and further reevaluations were made (especially in 1986 when the American River dumped more water into the dam than it was capable of handling). The 1997 New Year's record flood (produced when a rain storm also melted large amounts of snow) prompted levee failures to flood Olivehurst, Arboga, Wilton, Manteca, and Modesto.¹⁶ Estimates by the Corps put the total damage of the 1986 and 1997 floods at almost \$200 million and over \$500 million,¹⁷ and 3 people reportedly perished in the 1997 flood as well.

According to the Corps liaison, "The level of protection will be increased to greater than 100 years for the American River and about 400 years for the Natomas Basin."

According to a recent Sacramento Bee survey of the 30 most populous metropolitan areas in America, Sacramento has been listed as the most at-risk city for catastrophic flooding.¹⁸ The Corps has also warned that flood levels vary from 25 to 100-year levels along the 1100 miles of levees, weirs, and by-pass channels that constitute the Sacramento River Flood Control Projects. 2,000,000 people currently reside in Sacramento – the state capitol – and 2/3 of all the drinking water in California is transported by this system.

Improving these levees has become a popular state and federal priority as President Bush and Governor Schwarzenegger have met to discuss the levees and California is seeking further federal funding.¹⁹ However, in the FY 2006 energy and water appropriations bill conference report had this to say concerning the Corps' prioritization of national water projects:

"In addition, the conferees note the inability of the Corps of Engineers to produce at the request of Congress a list of the ten most critical water resources needs in the country that need to be addressed given the Nation's experience with Hurricane Katrina."²⁰

¹⁶ <http://www.safca.org/floodRisk/>

¹⁷ [COE Technical Studies Documentation December 2002](#)

¹⁸ [The Sacramento Bee, 10/30/2005](#)

¹⁹ [Contra Costa Times, 4/19/2006](#)

²⁰ [FY 2006 Energy Approps Approved Conference Report](#)

Amendment 10 – Removes \$10,000,000 for the National Marine Fisheries Service to equip fishing vessels with logbooks to record haul-by-haul catch data.

BACKGROUND

This money is corporate welfare and any losses by private businesses interests should be covered by insurance companies, not the American taxpayer.

The Louisiana Seafood and Marketing Board said they consider this to be low priority/unnecessary spending. (This was communicated to the staff over the phone.)

According to the National Oceanic and Atmospheric Administration's (NOAA) Guide for Complying with the Vessel Fishing Requirements, electronic logbooks are not required to comply with fishing activity reporting requirements.²¹

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$10 million could purchase:

- **A year's worth of gas for over 7,400 Gulf Residents.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.

²¹ NOAA's Guide for Complying with the Vessel Fishing Requirements

- **A year's total cost of attending a 4-year public college for 900 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 54 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 8,500 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 900 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 11- Removes \$176,000,000 for reconstruction of the Armed Forces Retirement Home in Gulfport, MS.

BACKGROUND

The Emergency Supplemental will provide \$176 million for major construction for the Armed Forces Retirement Home in Gulfport, Mississippi. **There is no Presidential request for this funding.**

- The Gulfport, MS, home is an 11-story residential tower featuring 600 individual rooms, workout and dining facilities, a bowling alley, movie theater, library, and computer center. The only other AFRH is in Washington, DC and features 800 individual rooms a 9-hole golf course, fitness facilities, and two fishing ponds.
- Importantly, this tower was not destroyed by Katrina, it is still intact. While first floor flooding did occur, the plans to update the facility originated long before Katrina. Therefore, any plan to modernize the Gulfport home cannot be seen as needing to occur on an “emergency” basis.
- The DOD has presented 5 different options along with cost estimates to Congress for fixing the Gulfport home, but each were not taken into account and instead an arbitrary sum of \$176 million was advanced.
- The cost to build the Gulfport home is in the neighborhood of \$389 million according to Joe Wu, the architect responsible for the plans. Therefore, the Senate Armed Services Committee has estimated that the \$176 million would only cover roughly half the cost of actually rebuilding the whole facility, when this course of action has yet to even be determined. The remaining amount would have to be made up in future appropriations bills.
- With 600 rooms in Gulfport, Mississippi housing 600 veterans for the price of \$176 million you could give each veteran \$293,333. According to the National Association of Realtors, the median value for a single-family home in Gulfport as of 2005 is \$146,500. That means the 600 veterans could

purchase **almost two houses each** for the cost of constructing this building.

- A Public Affairs Officer with the Armed Forces Retirement Homes in Washington²² said she doesn't know where the \$176 million figure came from and feels that this has been done by the Senate Appropriations Committee on a clearly non-emergency basis. The only emergency is that the first floor was damaged by Katrina flooding and this money has not been specified to move the facilities contained there to the second floor or to protect against future flood vulnerabilities.
- The professional staffer²³ who handles this issue on the Senate Armed Services Committee said this was an initiative of Senators Cochran and Lott and that the SASC committee itself didn't ask for this money.
- It is not possible to come up with a cost-per-bed or cost-per-square foot figure because the DOD is currently assessing future options for the home, which may include refurbishment, complete rebuilding, closure, or relocation. A contractor hasn't even been hired yet.
- According to the Public Affairs Officer in Gulfport, MS, Senator Lott has stated that prior to Katrina this was a "C+ facility and we should restore it to the same level."
- As an addendum to this, Section 2803 authorizes the Secretary of Veterans Affairs to transfer land associated with the VA's medical facility in Gulfport, MS to the City of Gulfport. **The VA will be recompensed \$50 million for giving land to the City of Gulfport. This facility was already scheduled for closure.**

²² Sheila Abarr

²³ Diana Tabler

Amendment 12 - Removes \$10,000,000 for the National Marine Fisheries Service to equip the off-shore shrimp and reef fishery with electronic vessel monitoring systems.

BACKGROUND

This money is corporate welfare and any losses by private businesses interests should be covered by insurance companies, not the American taxpayer.

A Vessel Monitoring System (VMS) uses electronic transmitters, placed on fishing vessels that transmit information about the vessel's position to enforcement agencies (National Marine Fisheries Service) via satellite.

VMS transmitting units range in price from \$1,000 to \$5,800, with transmission costs of \$1.00 to \$5.00 per day.²⁴

VMS units have never been provided by federal government. Fishers have always paid for these units on their boats

In January 2006, NOAA Assistant Administrator and head of the National Marine Fisheries Service, Dr. William Hogarth notified the Chairs and Executive Directors of all eight Regional Fishery Management Councils that \$4.6M in federal funds were available to reimburse vessel owners for required VMS expenses.²⁵ Criteria and distribution of these funds is still being determined.

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

²⁴ Pacific Fisheries Management Council

²⁵ Pacific Fisheries Management Council

Comparisons

\$10 million could purchase:

- **A year's worth of gas for over 7,400 Gulf Residents.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 900 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 54 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 8,500 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 900 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 13 - Removes \$20,000,000 for the National Marine Fisheries Service to assist New England coastal communities that were impacted by a red tide outbreak.

BACKGROUND

Red tide is a **regular** summertime phenomenon and Maine has historically had high levels of it during the warmer periods of the year. This past summer's outbreak was said to be the worst outbreak since 1972.

The Small Business Administration announced a disaster declaration for those counties in Maine that have suffered because of the recent red tide outbreak. This gave eligibility to Maine fishers to receive loans under the Federal Disaster Loan Program.

The Small Business Administration informed us that 18 loan applications were submitted during the loan application process that ended on March 14th. (3 loans were awarded at \$67,200 a piece)²⁶ Given these numbers, it appears highly questionable that \$20 million is truly necessary.

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

This regular occurring event does not meet that criterion.

Comparisons

\$20 million could purchase:

²⁶ SBA Congressional Liaison Staff, Tiffani Cooper

- **A year's worth of gas for over 15,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 1,700 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 108 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 17,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 1,800 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 14 – Removes \$6,250,000 for the Army Corps of Engineers' South Sacramento Streams project in California.

BACKGROUND

The project is located in the southeastern portion of Sacramento County, California. The flood protection project includes building approximately 12 miles of floodwalls and constructing 13 miles of levee improvements. The project also includes ecosystem restoration and recreation components.

According to Rep. Doris Matsui's website:

“While most of Sacramento experiences a flood threat from the American or Sacramento Rivers, the southern part of the city is threatened by a group of streams appropriately called “South Sacramento Streams”. The area that makes up the South Sacramento Streams Group Project contains over 100,000 people and 41,000 structures in the floodplain of Morrison, Unionhouse, Florin and Elder Creeks. Congress authorized the project in the 1999 Water Resources Development Act to build approximately 12 miles of floodwalls and constructing 13 miles of levee improvements.”²⁷

According to the Sacramento Bee, this funding is part of several appropriations added at the request of Sen. Dianne Feinstein and approved by UC as part of a package of amendments. Local representatives, Rep. Doris Matsui, D-Sacramento and Rep. John Doolittle, R-Roseville have also been supportive of this increase in funding.

The Sacramento funding would go to the U.S. Army Corps of Engineers to speed work that already is under way but not completely funded for the remainder of fiscal 2006, which ends Sept. 30. "This enables the corps to do all the work that it's possible to do before the end of September," Feinstein said... "This is California's No. 1 infrastructure priority."

From the same Sacramento Bee article:

²⁷ <http://matsui.house.gov/floodprotectionprojects.asp>

“Last month the House Appropriations Committee decided not to accelerate the work but rather to consider the additional funding as it writes spending bills for fiscal 2007. At the time, Rep. [Doolittle], who had offered an amendment seeking \$41 million for the Sacramento region, said that it was not clear whether the House eventually would relent on additional Sacramento levee funding. **But he said the committee was concerned that if it agreed to add emergency money for Sacramento, it would open the door to other members asking to add emergency money for their states.**”²⁸

According to the Corps, the Sacramento River Bank Protection Project has already cost the federal government \$10.995 million, and an additional \$7.313 million has been requested for next year. \$3.75 million was appropriated towards this project in 2006 through the Energy and Water Appropriations bill. The Corps also states that \$41.392 million more is needed to complete the project.

- \$6.25 million is only 15.1 percent of the “necessary” amount. Additionally, this project is scheduled to be completed in 2011.²⁹

This project is also funded at the state and local level, shouldering 35 percent of the financial responsibility (with the federal government picking up the rest of the tab). The Sacramento Area Flood Control Agency (SAFCA) pays 10.5 percent of the total cost and the State of California pays 24.5 percent.³⁰

According to the local sponsor of levee development in San Francisco (The Sacramento Area Flood Control Agency), record floods have occurred 4 times in the last 50 years (in 1956, 1964, 1986, and 1997). In each case, the Folsom Dam saved Sacramento from flooding, and further reevaluations were made (especially in 1986 when the American River dumped more water into the dam than it was capable of handling). The 1997 New Year’s record flood (produced when a rain storm also melted large amounts of snow) prompted levee failures to flood Olivehurst, Arboga, Wilton, Manteca, and Modesto.³¹ Estimates by the Corps put the total damage of the

²⁸ [Sacramento Bee 04/05/2006](#)

²⁹ http://www.spd.usace.army.mil/projectfacts/ca/civ/SouthSacramentoCountyStreams/factsheet/976_9387.htm

³⁰ COE, Brandon C. Muncy, Chief, Civil Works Branch, Programs, Project Management Division, Sacramento District, 4/25/06

³¹ <http://www.safca.org/floodRisk/>

1986 and 1997 floods at almost \$200 million and over \$500 million, and three people reportedly perished in the 1997 flood as well.

According to the Corps Congressional liaison, "This additional funding would be executed under Contract 1b. The first \$3.1 million in construction will protect the Pocket from the East, and the additional \$3.15 million in construction will protect additional South Sacramento neighborhoods."

"The \$6.25 million is only to improve the levees around the pocket area of the City of Sacramento."³² A further \$14.6 million has been requested to improve the levees around this pocket area by the committee through the American River project (see Amendment 9) and the Sacramento River Bank Protection Project (see Amendment 19). This brings the total to \$20.85 million for improving the levees around the pocket area of the City of Sacramento and is part of the \$22.35 million appropriations package (which includes a \$1.5 million appropriation for a Delta Islands Study under Corps Investigations).

This funding, when added to the \$41 million Congress approved last fall for 2006 Sacramento-area levee work, signifies a total of \$63 million worth of work through the summer. The Bush administration has asked Congress for \$65 million for Sacramento-area flood control work in 2007 in non-emergency appropriations.³³

According to a recent Sacramento Bee survey of the 30 most populous metropolitan areas in America, Sacramento has been listed as the most at-risk city for catastrophic flooding.³⁴ Improving these levees has become a popular state and federal priority as President Bush and Governor Schwarzenegger have met to discuss the levees and California is seeking further federal funding.³⁵ However, in the FY 2006 energy and water appropriations bill conference report had this to say concerning the Corps' prioritization of national water projects: "In addition, the conferees note the inability of the Corps of Engineers to produce at the request of Congress a list of the ten most critical water resources needs in the country that need to be addressed given the Nation's experience with Hurricane Katrina."³⁶

³² COE Congressional Liaison, Jennifer Greer 04/24/2006

³³ [Sacramento Bee 04/05/2006](#)

³⁴ [The Sacramento Bee, 10/30/2005](#)

³⁵ [Contra Costa Times, 4/19/2006](#)

³⁶ [FY 2006 Energy Approps Approved Conference Report](#)

Amendment 15 - \$50,000,000 to the National Marine Fisheries Service to develop temporary marine service centers.

BACKGROUND

This request asks the American taxpayer to pay for the creation of “temporary” businesses. If such services were truly needed, the marketplace would provide the capital to meet the demand.

A Marine Service Centers consist of private business that sell gas, parts, and conduct repairs. (Similar to a service station for cars.)

These temporary marine service centers will take months to develop. It is also import to point out that the NOAA has no specific plans on how they will develop these temporary marine service centers.³⁷

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$50 million could purchase:

- **A year’s worth of gas for 37,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year’s total cost of attending a 4-year public college for 4,400 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.

³⁷ Lauren Batte, Congressional Affairs Specialist (NOAA)

- **Homes for 3,700 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 600,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 64,000 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 16 - Removes \$90,000,000 for the National Marine Fisheries Service to replace private fisheries infrastructure.

BACKGROUND

This amounts to the direct subsidization of private business interests by the American taxpayer. Private businesses should rely on the insurance market to recoup losses.

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$90 million could purchase:

- **A year's worth of gas for 66,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 8,000 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for almost 500 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 77,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.

- **The annual health insurance premium charged to an employer for 8,000 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 17 - Removes \$25,000,000 for the National Marine Fisheries Service to employ fishers and vessel owners.

BACKGROUND

This amounts to the direct subsidization of private business interests by the American taxpayer. Private businesses should rely on the insurance market to recoup losses.

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$25 million could purchase:

- **A year's worth of gas for 18,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 2,200 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.
- **Homes for 135 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 21,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 2,300 families of four.** According to the Henry

J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 18 - Removes \$200,000,000 for the National Marine Fisheries Service to replace damaged fishing gear.

BACKGROUND

This amounts to the direct subsidization of private business interests by the American taxpayer. Private businesses should rely on the insurance market to recoup losses.

The President's Statement of Administration Policy for the Senate emergency supplemental released on Wednesday stated that the White House disagrees with this funding because gulf coast fishers are already eligible for other sources of assistance.

Fishers that had economic damages from hurricane Katrina and Rita can apply for disaster loans through Small Business Administration. In the six months since Katrina struck, the U.S. Small Business Administration (SBA) has approved more than \$5.2 billion in disaster loans to over 73,000 homeowners, renters and businesses in Louisiana, Mississippi, Alabama, Texas and Florida. In addition, Congress has already provided another \$4.8 billion in disaster lending authority to allow SBA to continue providing disaster loans to those affected by the hurricanes.³⁸

The Small Business Administration told the staff that 49,663 businesses have applied for a loan under the SBA disaster loan program. 16,752 loans have been awarded totaling \$1.692 billion.

The Senate Appropriations Committee report language states that a portion of this money (it doesn't say exactly how much) should go toward deploying "advanced versions of turtle exclusion devices and by-catch reduction devices."

Eight years ago, The National Marine Fisheries Service passed a rule requiring all shrimp fishers to use Turtle exclusion devices (TEDs), also know as by-catch reduction (BEDs) devices. Turtle exclusion devices are inserted into shrimp nets and allow sea turtles, sharks, and fish to pass through nets.

³⁸ DHS.gov

American University conducted a study on TEDs and found that fishermen see TEDs as one more hardship in an industry already stretched to the breaking point by high fuel and insurance costs, overfishing, and competition from cheap foreign shrimp raised in ponds or caught by subsidized vessels. Fishermen, who believe that the device causes their nets to dump 20 percent or more of the shrimp as well, call them "trawler eliminator devices."³⁹

This study also found that complying with the Turtle Exclusion Devices rule cost shrimpers between \$30,000 and \$35,000 per boat per year.

The Louisiana Seafood and Marketing Board told the staff that they would prefer no funds be spent on TEDs

Emergency? – The current budget resolution for FY2006 explicitly defines what constitutes an emergency. Note that ALL of the following five criteria must be satisfied in order for something to be considered an emergency:

- Necessary, essential, or vital;
- Sudden, quickly coming into being, and not building up over time;
- An urgent, pressing, and compelling need requiring immediate action;
- Unforeseen, unpredictable, and unanticipated; AND
- Not permanent, temporary in nature.

Comparisons

\$200 million could purchase:

- **A year's worth of gas for 148,000 Americans.** The U.S. Energy Information Administration estimates per capita American gas consumption in 2005 at 464 gallons. The cost of unleaded gasoline has already reached \$3 per gallon.
- **A year's total cost of attending a 4-year public college for 17,000 students.** According to Money Magazine, total expenses for the 2004-2005 academic year shot up 7.8 percent to \$11,354 at the average public college.

³⁹ American University Turtle Exclusion device Case Study

- **Homes for 1,000 homeless victims of Katrina.** According to the National Association of Realtors, the average price of a single-family home in the South was \$185,300 in 2005.
- **One month of unemployment benefits for 170,000 displaced Katrina victims.** According to the Center on Budget and Policy Priorities, the average monthly unemployment benefit for an American in the first quarter of 2005 was \$1,170.
- **The annual health insurance premium charged to an employer for 18,000 families of four.** According to the Henry J. Kaiser Family Foundation's 2005 Annual Survey of Employee Health Benefits, the average annual health insurance premium charged to an employer for a family of four in 2005 was \$10,800.

Amendment 19 – Removes \$11,300,000 for the Army Corps of Engineers' Sacramento Riverbank Protection Project in California.

BACKGROUND

The project area is located in north-central California, along the Sacramento River and its principal tributaries. It provides erosion control bank protection for the Sacramento River Flood Control Project levees along with required fish and wildlife mitigation features.

According to Rep. Doris Matsui's website, "In 1960, Congress authorized the Sacramento River Bank Protection Project, to address river bank erosion issues for 1,300 miles of levees. Specific to the City of Sacramento, there are a number of erosion and stability sites south of the confluence, which need repair."⁴⁰

According to the Sacramento Bee, this funding, as part of several appropriations, was added at the request of Sen. Dianne Feinstein via amendment and approved by UC as part of a larger package of amendments. Local representatives, Rep. Doris Matsui, D-Sacramento and Rep. John Doolittle, R-Roseville have also been supportive of this increase in funding. The Sacramento funding would go to the U.S. Army Corps of Engineers to speed work that already is under way but not completely funded for the remainder of fiscal 2006, which ends Sept. 30. "This enables the corps to do all the work that it's possible to do before the end of September," Feinstein said... "This is California's No. 1 infrastructure priority."

From the article, "Last month the House Appropriations Committee decided not to accelerate the work but rather to consider the additional funding as it writes spending bills for fiscal 2007. At the time, Rep. [Doolittle], who had offered an amendment seeking \$41 million for the Sacramento region, said that it was not clear whether the House eventually would relent on additional Sacramento levee funding. But he said the committee was concerned that if it agreed to add emergency money for Sacramento, it would open the door to other members asking to add emergency money for their states."⁴¹

⁴⁰ <http://matsui.house.gov/floodprotectionprojects.asp>

⁴¹ [Sacramento Bee 04/05/2006](#)

This project has been in existence since its authorization in the Flood Control Act of 1960. According to the Corps of Engineers' South Pacific Division's website, the Sacramento River Bank Protection Project has already cost the federal government \$131.004 million, and an additional \$10.96 million has already been requested for next year. Last year \$6.3 million was included in the Energy and Water appropriations bill. The Corps also states that \$57.036 million more is needed to complete the project.⁴² The \$11.3 million requested is only 19.8 percent of the "necessary" amount.

This project is also funded at the state and local level, shouldering 25 percent of the financial responsibility (with the federal government picking up the rest of the tab). The State of California funds this 25 percent.⁴³

According to the local sponsor of levee development in San Francisco (SAFCA), record floods have occurred 4 times in the last 50 years (in 1956, 1964, 1986, and 1997). In each case, the Folsom Dam saved Sacramento from flooding, and further reevaluations were made (especially in 1986 when the American River dumped more water into the dam than it was capable of handling). The 1997 New Year's record flood (produced when a rain storm also melted large amounts of snow) prompted levee failures to flood Olivehurst, Arboga, Wilton, Manteca, and Modesto.⁴⁴ Estimates by the Corps put the total damage of the 1986 and 1997 floods at almost \$200 million and over \$500 million and 3 people reportedly perished in the 1997 flood as well.

The \$11.3 million will be used to complete construction and repair of 8 erosion sites within the pocket area around Sacramento. This amount will only be used to improve the levees around the pocket area of the City of Sacramento.⁴⁵ A further \$9.55 million has been requested to improve the levees around this pocket area by the committee through the American River project and the South Sacramento Streams Project. This brings the total to \$20.85 million for improving the levees around the pocket area of the City of Sacramento and is part of the \$22.35 million appropriations package

⁴² http://www.spd.usace.army.mil/projectfacts/ca/civ/SacramentoRiverBankProtectionProject/factsheet/729_9340.htm

⁴³ COE, Brandon C. Muncy, Chief, Civil Works Branch, Programs, Project Management Division, Sacramento District, 4/25/06

⁴⁴ <http://www.safca.org/floodRisk/>

⁴⁵ COE Congressional Liaison, Jennifer Greer 04/24/2006

(which includes a \$1.5 million appropriation for a Delta Islands Study under Corps Investigations).

This funding, when added to the \$41 million Congress approved last fall for 2006 Sacramento-area levee work, signifies a total of \$63 million worth of work through the summer. The Bush administration has asked Congress for \$65 million for Sacramento-area flood control work in 2007 in non-emergency appropriations.⁴⁶

According to a recent Sacramento Bee survey of the 30 most populous metropolitan areas in America, Sacramento has been listed as the most at-risk city for catastrophic flooding.⁴⁷ Improving these levees has become a popular state and federal priority as president Bush and Governor Schwarzenegger have met to discuss the levees and California is seeking further federal funding.⁴⁸ However, in the FY 2006 energy and water appropriations bill conference report had this to say concerning the COE's prioritization of national water projects: "In addition, the conferees note the inability of the Corps of Engineers to produce at the request of Congress a list of the ten most critical water resources needs in the country that need to be addressed given the Nation's experience with Hurricane Katrina."⁴⁹

⁴⁶ [Sacramento Bee 04/05/2006](#)

⁴⁷ [The Sacramento Bee, 10/30/2005](#)

⁴⁸ [Contra Costa Times, 4/19/2006](#)

⁴⁹ [FY 2006 Energy Approps Approved Conference Report](#)